REMARKS

Claims 1-55 were presented for examination. The Examiner rejected claims 1-18 and 43-55; and withdrew claims 19-42 from consideration. Applicants are hereby canceling claims 19-42; amending claims 1-18, 43, 44, 46, 47, 49, 52, 53, and 55; and adding new claim 56. Support for all amendments is found in the application as originally filed. Reconsideration of this application as amended, and allowance of all claims remaining herein, claims 1-18 and 43-56 as amended, are hereby respectfully requested.

The amendments being made to page 12, page 23, and page 38 of the specification are to correct typographical errors and improve clarity.

In his first through third paragraphs, the Examiner issued a restriction requirement between Group I (comprising claims 1-18 and 43-55); and Group II (comprising claims 19-42). During a telephone conversation with the Examiner on July 31, 2003, the undersigned provisionally elected to prosecute Group I in the present application. This provisional election is hereby affirmed. Therefore, Applicants are hereby canceling claims 19-42 (Group II), reserving the right to re-file these claims in a divisional application before the issuance of the present patent application.

In his fifth paragraph, the Examiner rejected claims 1-18, 43-47, 49, 52, 53, and 55 under 35 U.S.C. §112, second paragraph.

Applicants are hereby addressing all of the issues raised by the Examiner in his fifth paragraph. Thus, in claim 9 "ofitems" is being corrected to "of items". In claim 11, "standard" is being deleted. In claims 1, 9, 43, 44, 46, 47, 49, 52, 53, and 55, "comprising" is being changed to "consisting of". In claims 1-18, "system" is being changed to "apparatus".

For the above reasons, the Examiner is requested to withdraw his rejection of claims 1-18, 43-47, 49, 52, 53, and 55; and to allow these claims as amended.

In his seventh paragraph, the Examiner rejected claims 53 and 54 under 35 U.S.C. §101.

In response to this rejection, Applicants are hereby amending "agent" to "computer" in claim 53 (and, by inference, in claim 54, which depends upon claim 53). These claims now contain computer implemented structural relationships.

For the above reasons, the Examiner is requested to withdraw his rejection of claims 53 and 54; and to allow these claims as amended.

In his eighth paragraph, the Examiner denied Applicants' petition to accept color drawings. In his ninth paragraph, the Examiner objected to the disclosure because of a paragraph on page 4 that refers to color drawings. Applicants are hereby amending their specification to remove this paragraph.

Therefore, the Examiner is requested to withdraw his objection to the disclosure.

In his eleventh paragraph, the Examiner rejected claims 1-4, 8, and 10-18 under 35 U.S.C. §103(a) as being unpatentable over Kitchen in view of Feilbogen. The Examiner did not indicate which of the two Feilbogen references of record he used in his rejection, but from the Examiner's comments it appears that he was referring to published patent application US2002/0023045.

The only independent claim in the set of claims rejected by the Examiner in his eleventh paragraph is claim 1. Applicants are hereby making some clarifying amendments to claim 1. The Examiner used Feilbogen as part of his rejection only because Feilbogen allegedly discloses agents as being credit-extending or non-credit-extending. While claims 3 and 4 recite credit-extending agents, claim 1 does not recite either credit-extending agents or non-credit-extending agents. Therefore, it follows that the Examiner rejected claim 1 solely on the basis of Kitchen.

Amended claim 1 is patentably distinct over Kitchen in that claim 1 recites that each agent receives "individualized current tradable bid and offered prices and sizes subject to that agent's flow limits". Kitchen teaches away from individualized current tradable bid and offered prices and sizes. In Kitchen, every counterparty sees the exact same bid and offer prices for the product being sold. Paragraph 0016. Furthermore, in Kitchen,

the bid and offer prices seen by a counterparty are not subject to that counterparty's flow limits, as required by claim 1.

Thus, Applicants' invention shows to each participating agent an individualized custom limit order book showing only what that agent is allowed to trade, making for a more efficient and meaningful trading environment than the one disclosed in Kitchen.

Applicants' flow (trading) limits are directed, and are given for each edge of the network graph (Figure 6). These flow limits are expressed in term of volumes. See, for example, Table 1 on page 29. The trading limits are calculated by computer 1 and are derived from the credit limits that are specified in the contracts between the trading agents 2 and the guaranteeing agents 5. Page 52 lines 12-14.

Applicants are hereby adding new claim 56, which recites that an agent's flow limits are a function of that agent's credit limits.

Claims 2-4, 8, 10-18, and 56 are dependent claims depending upon claim 1, and their patentability follows from the patentability of claim 1.

For the above reasons, the Examiner is requested to withdraw his rejection of claims 1-4, 8, and 10-18; and to allow claims 1-4, 8, 10-18, and 56 as amended.

In his twelfth paragraph, the Examiner rejected claims 5-7 and 9 under 35 U.S.C. §103(a) as being unpatentable over Kitchen

in view of <u>Feilbogen</u> and further in view of <u>Wilton</u>. The Examiner did not indicate which of the two <u>Feilbogen</u> references of record he used in his rejection, but again it is assumed that he meant to refer to published patent application US2002/0023045.

Claims 5-7 are dependent claims depending upon claim 1. Amended claim 1, as discussed above, is patentable. Therefore, it follows that claims 5-7 are likewise patentable.

Applicants are hereby making some clarifying amendments to independent claim 9. The Examiner admitted that "Kitchen et al in view of Feilbogen et al also does not disclose the credit-extending and non-credit extending agent relationships as recited in claim 9". Therefore, the Examiner added <u>Wilton</u> to the mix of references. However, <u>Wilton</u> does not suggest Applicants' recitation in claim 9 that "it is permissible to have at least two non-credit-extending agents perform trades via said commonly-coupled credit-extending agent in a credit bridge". Credit bridges are defined on page 9 lines 1-9 of the present specification as follows: "Credit-extending agents 5 that allow the central computer 1 to utilize a portion of their trading channels 3 to allow other agents 2 to trade with each other are referred to as 'credit-bridging agents' 5. In a preferred implementation of the present system, existing banks, financial institutions, and clearing entities are credit-bridging agents 5 as well as credit-extending agents 5; and existing trading customers of those institutions 5 are clients 4."

Furthermore, there is no central computer in Wilton as recited in amended claim 9. Among other things, this makes it impossible to combine the decentralized system of Wilton with the centralized system of Kitchen, which does have a central computer. Since it is impossible to combine Wilton and Kitchen, it is likewise impossible to use them as references to deny the patentability of amended claim 9.

For the above reasons, the Examiner is requested to withdraw his rejection of claims 5-7 and 9; and to allow these claims as amended.

In his thirteenth paragraph, the Examiner rejected claims 43-55 under 35 U.S.C. §103(a) as being unpatentable over Kitchen in view of Feilbogen and further in view of Neyman. The Examiner did not indicate which of the two Feilbogen references of record he used in his rejection, but again it is assumed that he meant to refer to published patent application US2002/0023045.

The Examiner cited Neyman as teaching the multi-hop trading limits recited in all of the independent claims of this rejected set (claims 43, 44, 46, 47, 49, 53, and 55). However, Neyman does not suggest multi-hop trading limits as that term is used in the present application, in which a multi-hop deal is realized through real or virtual back-to-back trades by one or more credit-bridging agents 5. Page 9 lines 26-28. In the present invention, multi-hop trading limits are trading limits that define how the agents in the network are allowed to trade with

each other, taking into account all the credit relationships between all agents coupled to the network, encompassing all credit bridging. See Table 1 on page 29 and accompanying description.

All of the independent claims in the rejected set are hereby being amended to clarify that Applicants' multi-hop trading limits encompass credit bridges between agents. There is no credit bridging in Neyman. In Neyman, the trade is between one trading agent and another trading agent. While it is true that there may be one or more brokers interspersed between the two trading agents, the brokers do not serve as credit bridges. All the brokers do is pass along a subset of the available market information in a secure fashion. A broker does not give up a portion of its trading channel (flow limit) to facilitate a trade, as required by a credit bridge. See Applicants' specification page 9, lines 1-9.
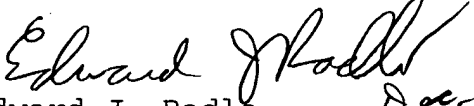
The implications of this are profound. For example, in Neyman, if trading agent A has no credit with trading agent B, the trade cannot take place. If these agents were instead trading using Applicants' invention, the trade might take place, depending upon the current trading limits in the network. Said trading limits are based upon a) the underlying credit limits between trading agents and credit bridges; and b) the underlying credit limits between the credit bridges in the network. In Applicants' invention, the trading limits are updated after each trade, reflecting the loss of the trading capacities that were

used up during the trade, as facilitated by the credit-bridging agents in the network. There is no such sophisticated re-deployment of trading limits in Neyman, and there are no credit bridges in Neyman.

For the above reasons, the Examiner is requested to withdraw his rejection of claims 43-55; and to allow these claims as amended.

Applicants believe that this application is now in condition for allowance of all claims remaining herein, claims 1-18 and 43-56 as amended; and therefore an early Notice of Allowance is respectfully requested. If the Examiner disagrees or believes that, for any other reason, direct contact with Applicants' attorney would help advance the prosecution of this case to finality, he is invited to telephone the undersigned at the number given below.

Respectfully submitted,

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